

AN ORDINANCE RATIFYING AND
APPROVING CONTRACTS FOR HEALTH
AND LIFE INSURANCE POLICIES.

WHEREAS, Chapter 37, Sec. 37.21 of the Municipal Code of the City of Fort Wayne, Indiana, requires the approval of the Common Council for insurance policies exceeding \$10,000 per year.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA, THAT:


SECTION 1. The following health, disability and life insurance contracts for the City of Fort Wayne, Indiana, are hereby approved and ratified:

1. ACCORDIA - (indemnity health insurance plan and preferred provider organization plan)
2. BOSTON MUTUAL - (reinsurance coverage)
3. PARTNERS - (health maintenance organization plan)
4. PHYSICIANS HEALTH PLAN - (health maintenance organization plan)
5. STANDARD INSURANCE COMPANY - (life and accidental death/dismemberment)
6. STANDARD INSURANCE COMPANY - (long term disability plan)

SECTION 2. That this Ordinance shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor.


Councilmember

APPROVED AS TO FORM
AND LEGALITY


J. Timothy McCaulay, City Attorney

Read the first time in full and on motion by Henry,
seconded by James, and duly adopted, read the second time by
title and referred to the Committee on James (and the
City Plan Commission for recommendation) and Public Hearing to be held after
due legal notice, at the Common Council Conference Room 128, City-County
Building, Fort Wayne, Indiana, on 19, the 10 o'clock M., E.S.T.

DATED: 10-10-95

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by James,
seconded by James, and duly adopted, placed on its passage.
PASSED LOST by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	<u>8</u>			<u>1</u>
BRADBURY	<u>✓</u>			
EDMONDS				<u>✓</u>
ELIAQUINTA	<u>✓</u>			
ENRY	<u>✓</u>			
ONG	<u>✓</u>			
UNSEY	<u>✓</u>			
AVINE	<u>✓</u>			
CHMIDT	<u>✓</u>			
ALARICO	<u>✓</u>			

DATED: 10-24-95

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne,
Indiana, as (ANNEXATION) (APPROPRIATION) (GENERAL)

SPECIAL) (ZONING) ORDINANCE RESOLUTION NO. S-71-95

on the 24th day of October, 1995

ATTEST:

(SEAL)

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Don J. Schmitter
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on
the 25th day of October, 1995,
at the hour of 11:00 o'clock A., M., E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 26th day of October,
95, at the hour of 1:00 o'clock P., M., E.S.T.

PAUL HELMKE
PAUL HELMKE, MAYOR

BILL NO. S-95-10-01

REPORT OF THE COMMITTEE ON
FINANCE
THOMAS C. HENRY - CHAIR
MARK E. GIAQUINTA - VICE CHAIR
ALL COUNCIL MEMBERS

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS

REFERRED AN (ORDINANCE) (XXXXXXXXXX) RATIFYING AND APPROVING
CONTRACTS FOR HEALTH AND LIFE INSURANCE POLICIES

HAVE HAD SAID (ORDINANCE) (XXXXXXXXXX) UNDER CONSIDERATION
AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID
(ORDINANCE) (XXXXXXXXXX)

DO PASS

DO NOT PASS

ABSTAIN

NO REC

<u>Thomas C. Henry</u>			
<u>Mark E. Giaquinta</u>			
<u>John Bradbury</u>			
<u>Donna D. Smith</u>			
<u>Ellen Cavino</u>			
<u>Sandra E. Kennedy</u>			
<u>William R. Edwards</u>			

DATED: 10-24-95

Sandra E. Kennedy
City Clerk



The City of Fort Wayne

Paul Helmke, Mayor

MEMORANDUM

LAW DEPARTMENT

TO: MEMBERS OF THE CITY OF FORT WAYNE COMMON COUNCIL
FROM: J. TIMOTHY MCCAULAY, CORPORATION COUNSEL *JTM*
DATE: October 9, 1995
SUBJECT: 1996-97 EMPLOYEE HEALTH, LIFE AND DISABILITY PROGRAMS

INTRODUCTION

J-95-10-01

Fort Wayne Common Council Ordinance G-04-91 requires the City to seek requests for proposals every two (2) years on insurance contracts with the City. As a result, the City has received requests for proposals for the City's 1996-97 employee health, life and disability package. The following recommendations are made:

1. HEALTH INSURANCE/REINSURANCE

- A. Indemnity and PPO (preferred provider)/Reinsurance: The City offers a basic \$250 deductible indemnity health insurance plan and a preferred provider plan. Currently, the City is self-insured with a reinsurance plan that protects against claims that exceed \$150,000 per employee. The present administrator is Key Benefits Administrators with the reinsurance purchased through North Atlantic. The 1995 administrative costs are \$274,576 (\$82,185 in reinsurance premium and \$192,391 in administrative costs). For 1996-97, only two (2) proposals were received: KBA/Seaboard and Accordia/Boston Mutual. The KBA/Seaboard proposal has a projected cost of \$297,485 (\$94,253 in reinsurance premium and \$203,232 in projected administrative costs. The Accordia/Boston Mutual proposal has a projected cost of \$261,853 (\$66,145 in reinsurance premium and \$191,358 in projected administrative costs, and a one-time start-up fee of \$4,500.) The Accordia/Boston Mutual proposal is recommended. This proposal represents a savings of almost \$13,000 over 1995 costs and is only \$300 more than the 1994 costs.

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2. **HMO ALTERNATIVES:** Currently, the City offers only one (1) HMO to employees through Partners Plan. The recommendation is to renew Partners and add Physicians Health Plan. The employee's co-pay is adjusted so that the City contributes no more to an HMO premium than it expects to pay on the indemnity and PPO plans.
3. **LIFE INSURANCE/ACCIDENTAL DEATH AND DISABILITY:** The current carrier is Mutual of Omaha with an annual cost of \$116,009. The rates are \$.35/\$1000 for life and \$.06/\$1000 for accidental death and disability. For 1996, Standard Insurance Company proposes rates of \$.29/\$.05 for an annual cost of \$95,607. The Standard offer is contingent on also being selected the carrier for long term disability. Mutual of Omaha offers to renew at the rate of \$.33/\$.06. The Standard Insurance Company proposal is recommended. The proposal represents a savings of \$10,000 over 1995 costs.
4. **LONG TERM DISABILITY:** The current carrier is UNUM with an annual cost of \$167,329. The current plan pays 65% to \$5000 with five (5) years of own occupation protection. The UNUM renewal for the same coverage is \$273,811 (\$.70/\$1000). Standard Insurance Company proposed a rate of \$.54/\$1000, or an annual cost of \$164,286. To achieve further savings, Standard proposed an alternate plan that would pay 60% to \$5000 and limit the own occupation protection to 2 years except for employees earning over \$30,000 who would be protected to age 65. The alternative rate is \$.49/\$1000 with an annual cost of \$134,153. The Standard alternate proposal is recommended. The savings over 1995 rates would be approximately \$33,000.00.

CONCLUSION:

Approving the recommendations concerning the health, life and disability employee package will save approximately \$56,000 in premium and administrative costs. Of course, as the City is self-insured for the indemnity and preferred provider plans, any overall savings is dependent on claims experience.

DIGEST SHEET

TITLE OF ORDINANCE ORDINANCE

DEPARTMENT REQUESTING ORDINANCE RISK MANAGEMENT/CONTROLLER

SYNOPSIS OF ORDINANCE APPROVES HEALTH, DISABILITY AND LIFE

INSURANCE CONTRACTS FOR EMPLOYEES OF THE CITY OF FORT WAYNE.

EFFECT OF PASSAGE COVERAGE IS IN EFFECT.

EFFECT OF NON-PASSAGE CITY EMPLOYEES ARE WITHOUT COVERAGE.

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) TOTAL

EXPENDITURES FOR PREMIUMS AND ADMINISTRATIVE COSTS: \$491,613.

SAVINGS OVER 1995 COSTS: APPROXIMATELY \$56,000.

ASSIGNED TO COMMITTEE (PRESIDENT) _____